



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

March 13, 2018

The Honorable Catherine Cortez Masto
United States Senate
B40A Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Cortez Masto:

Thank you for your letter inquiring about my plans to establish a new office within the Federal Communications Commission that would focus on improving economic and data analysis within the agency. I have attached, for your review, the order the Commission adopted on January 30, 2018, establishing the Office of Economics and Analytics as well as the staff report recommending the creation of such an office.

In your letter, you note that while you “support the use of economic analysis and metrics in the decision-making process,” you also would like additional information on my plans to ensure that this effort “does not have negative impacts on consumers and the broader economy as a whole.” You then raise several questions. I appreciate the opportunity to respond to your questions.

As I outlined in an April 5, 2017 speech, this new office “will combine economists and other data professionals from around the Commission. I envision it providing economic analysis for rulemakings, transactions, and auctions; managing the Commission’s data resources; and conducting longer-term research on ways to improve the Commission’s policies.” It is critical that the work of this new office include the broad range of areas in which economic analysis can contribute to the Commission’s decision-making, that the office has access to good, reliable data, and that the office’s efforts yield better-informed decisions that benefit consumers.

Here is a brief sketch of my vision for promoting better economic analysis and data management within the FCC.

The number of employees staffing the new office and their individual responsibilities remain under consideration. But overall, the responsibilities to be held by these economists and related staff will reflect work currently performed by these staff members from their positions within various Bureaus and Offices across the Commission. The problem today is that FCC economists too often work in siloes. This means that some are underutilized, others are overutilized, and opportunities to work collaboratively to help address important policy questions are missed. Once a future new office is established, the core task of economic analysis will continue to be done by our excellent staff. The only difference is that that work will be more centralized, more focused, more routinely (and earlier) incorporated into the agency’s work, and more the product of collaboration.

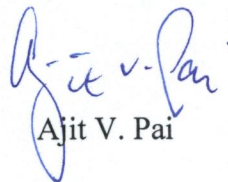
This last point bears further discussion. One of the most important aspects of a dedicated office for economic analysis is that it allows for—indeed, encourages through culture and physical proximity—much more back-and-forth among economists as they work through difficult problems. I believe that the new office will facilitate interaction among economists and a process of peer review that will create an environment in which high-quality, non-partisan analysis can thrive. The Commission's current approach makes it too easy for the contributions of economists to be ignored or considered too late in the policy-making process. The new office should help change that by bringing economic expertise to bear more systematically and earlier in that process. The results of their work could then be incorporated into the Commission's work in a way that's clearly reflected in our orders and decisions.

I expect that key issues such as promoting rural broadband, and improving the oversight and efficiency of Universal Service Fund programs, will benefit from the insights and expertise that the new office will contribute. For instance, data collection is a key factor that bears on many aspects of the FCC's work when it comes to universal service. Focusing the new office's attention and resources on this factor could enable much more accurate and timely results when the Commission is considering questions such as the structure of a particular high-cost subsidy program or a USF-related auction. This is, again, why creating a centralized office of economists within the agency will improve the agency's work—in this case, by enhancing and improving the data analysis relied upon by the Commission.

Finally, you ask about the Commission's oversight and review of mergers and acquisitions. The better organization of economists within the agency as a result of the new office will improve our capabilities when it comes to evaluating the potential impact of particular transactions. Indeed, more rigorous economic analysis will help the Commission make the best possible policy decisions on economic issues, including transactions. A dedicated team could help us refine those issues earlier and more clearly, and their analysis could then be considered alongside any other relevant factors to ensure that a proposed transaction was in the public interest.

I appreciate your interest in this matter. Please let me know if I can be of further assistance.

Sincerely,



Ajit V. Pai